**Previous Balance Vs Unpaid Balance Method**

1. Miss Senske has a previous balance from last month on her credit card of $187.90. She made additional purchases of $23.99 and $51.76 this month. She also made a payment of $50.00 and received a credit of $15.00. With a periodic rate of 2.4%, use the two methods to calculate her **NEW BALANCE.**

|  |  |
| --- | --- |
| **Previous Balance Method** | **Unpaid Balance Method** |
| a) What is the previous balance? | a) What is the unpaid balance?  (previous-payments/credits) |
| b) What is the finance charge? | b) What is the finance charge? |
| c) What is the **new balance**?  (previous+purchases+finance charge-payments) | c) What is the **new balance**?  (previous+purchases+finance charge-payments) |

Which method is better?

How much do you save with the better method?

2. Miss Fisher has a previous balance on her credit card of $412.89. She made additional purchases of $44.29, $51.20, and $31.88. She made no payments but received a credit of $80.00 when she returned the teeth whitening system she bought. Her periodic rate is 1.9%. Calculate her new balance using both methods.

|  |  |
| --- | --- |
| **Previous Balance Method** | **Unpaid Balance Method** |
| a) What is the previous balance? | a) What is the unpaid balance?  (previous-payments/credits) |
| b) What is the finance charge? | b) What is the finance charge? |
| c) What is the **new balance**?  (previous+purchases+finance charge-payments) | c) What is the **new balance**?  (previous+purchases+finance charge-payments) |

Which method is better?

How much do you save with the better method?

3. A portion of Sally’s credit statement is shown below. Fill in the missing amounts using the **unpaid balance method**: SHOW YOUR WORK BELOW

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Previous Balance | Payments & Credits | Unpaid Balance | Finance Charge  1.8% | New Purchases | New Balance |
| $ 42.75 | $67.99 | $ | $ | $19.00 | $ |

4) A portion of Johnny’s credit card statement is shown below. Fill in the missing amounts using the **unpaid balance method**: SHOW YOUR WORK BELOW

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Previous Balance | Payments & Credits | Unpaid Balance | Finance Charge  2.5% | New Purchases | New Balance |
| $ 190.25 | $20.00  $67.99 | $ | $ | $28.43  $19.00  $12.93 | $ |